

After this sum had been spent, Deputy Mayor Chu Kuang added a floating capital of JMP\$5,000,000,000. By April 1951, all the money was gone and the scheme had to be given up, but it was not until March 1953 that the case was brought to a conclusion and Chu Kuang removed from office. In the report on the case of the organic fertilizer plant in Canton, made by the Canton Municipal Government in March 1953, it was said: "During the process of the erection of the organic fertilizer plant, the leadership abandoned its duties of supervision and inspection and placed blind confidence... in the technicians whose bourgeois viewpoints had not been properly reformed, and who proceeded with the task on the basis of their own bourgeois viewpoints and thoughts. For example, before the factory for disposal of ordure had been erected, palatial residences and western type hostels had been built, with American-type modern conveniences, for the enjoyment of a few [officials], while little attention was paid to the lodgings and amenities of the majority of the workers. The construction schedule was not adhered to, and a number of tasks were commenced simultaneously. As a result, when the buildings were completed the machinery equipment could not be installed. And when the machinery equipment was finally installed, it could not be operated. In the civil construction tasks alone, many jobs had to be done over again.... There was great confusion in personnel and financial management. The employees of the plant, with the exception of a few appointed through the Party organization, had all been brought in because they enjoyed one of the five-fellowship relationships and

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were not subject to investigation politically or technically." ³⁸⁷27 (The "five-fellowship" relationships refer to: fellow natives of the same home district; 661 fellow students at the same school; fellow workers in the same organ; fellow members of the same clan; and fellow members of the same national group.)

The Canton incident shows that incompetence and corruption, as well as other evils, still exist among the Chinese Communists. In the same year (1953) the mayor of Wuhan was removed from office by members of the municipal government for involvement in intrigues. Although one of the principals was the deputy director of the Municipal Bureau of Health -- a veteran female Party member -- the case itself had nothing to do with public health. Like the organic-fertilizer plant scandal in Canton, the Wuhan scandal lasted for some two years. Finally the mayor was removed and four of the principals involved in the case were sentenced to imprisonment. ⁶⁶¹28 These incidents may serve as examples of corruption and incompetence existing in practically all branches of the Chinese Communist government.

27. Current Background, op. cit., No. 250, July 10, 1953, (The Case of the Canton Organic Fertilizer Plant).

28. Ibid., No. 256, Aug. 5, 1953, (The Wuhan Case (1950-1952)).

In each province, a Provincial Representatives' Conference was held at least twice, and the Representatives' Conference for the municipality of Wuchang-Hankow was held five times; the conference for Canton was convened seven times; conferences in forty smaller cities in this region were held eight times; and in the municipality of Nanchang, a conference was held fourteen times. The publication of these figures was offered not only in compliment to the zealous conference workers, but also served as an implied rebuke to those who refused to show the required degree of enthusiasm.

In the preparatory stage, representatives to the conferences were elected from a number of professional groups, including the peasants' associations, the trade unions, the chambers of commerce and industry, and the cultural and educational associations. Cheng's report clearly shows that in this period many mistakes were committed, but these were seized upon and re-examined so that future mistakes might be avoided when the People's Congress, at all levels, should next be convened. Many illegal practices were discovered. Sometimes a candidate was chosen without the formality of election; in other cases representatives were appointed by the Party; in other cases substitutes were chosen for those representatives already elected. Cheng also reported that in some instances landlords and counter revolutionaries were elected to the representatives' conferences.

On the other hand, Cheng's report includes examples of cases in which members of the Representatives' Conference in Hsi-shui County had the courage to accuse members of the Communist

Party cadres of corruption, extravagance with government funds, bureaucracy, violations of laws, and "independent" action counter to government policy. Among those accused were members of the Communist county branch, the head of the county, the chief of the commercial and artisan division, the chief of the cultural and educational division, a secretary of a district branch of the Chinese Communist Party, and a principal of a high school.²¹

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V. THE NEW CONSTITUTION

An electoral law for the People's Congress on all levels was promulgated on March 1, 1953. Then followed the registration of voters, the choice of candidates, the institution of election campaigns, the elections, and the counting of ballots.

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The meeting of the National People's Congress, which was scheduled for September 1954, was preceded by the election of deputies to the provincial, municipal, county, and hsiang People' congresses of a province, a county, and a municipality divided into districts shall be elected by the People's Congress on the next lower level.

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21. Cheng Shao-wen, "Chung-nan-ch'u Ti-erh-tz'u Min-cheng Hui-i Shang- Kuan-yu Min-chu Chien-cheng Kung-tso Ti Pao-kao" ["Report on the Democratic Reconstruction Delivered before the Second Central-South China Civil Administration Conference"], Ch'ang-chiang Jih-pao [Yangtze Daily], Hankow, November 13, 1952, p. 3.

this secret society spreads gradually to other regions of China. In 1954, the Wuhan, Huang-p'i, Hsiao-kan, P'u-ch'i, and Hsien-ning areas in²⁴ Hupeh Province were the centers of I Kuan Tao activities. Among the conditions of existence advocated by this group are "anticipation of world disaster," and "avoidance of action." Although this doctrine seems to be no more than passive resistance to Communist indoctrination, the society has been accused of having aided the Japanese during World War II and presently working for the Kuomintang against the Communist regime. The exact strength of these secret societies is not known, but it is understandable that in view of the Communist violence, the theme of passive resistance as advocated by the I Kuan Tao must have a great appeal to the troubled populace in Central-South China.

Vagrants, habitual thieves, and gangsters are also slated for elimination by the Communist regime because they contribute to unrest and are therefore potential counterrevolutionaries. No specific statistics have been compiled by the Communists on these "dregs of society," but reports on the "Reform-through-labor" program have indications as to the approximate strength of these groups. (See chapter on Forced Labor.) In announcing their success in dealing with the undesirable elements, the Communists have indulged arson and sabotage among the crimes committed by these undesirable groups.

II. CORRUPTION AND OTHER ACTIVITIES DETRIMENTAL TO THE REGIME

As early as 1950, the Communists in China were

24. Shih Ch'eng-chih, loc. cit.

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voicing alarm at the prevalence of corruption, inefficiency, waste and theft of government properties, and other "unhealthy conditions" throughout the country. Steps were taken to correct these conditions. The following is a summary of the development from 1950 up to early 1955. 661
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A. The Three-Anti and Five-Anti Campaigns
(1950-1952)

Corruption in government and the Party was first brought to light by the 1950 Communist "rectification movement: designed to halt so-called "bourgeois bureaucratic tendencies." Failure of this movement necessitated the inauguration of the Three-Anti Campaign. Launched personally by Mao Tse-tung in November 1951, this campaign was aimed at corruption, waste, and bureaucracy. Many cases were uncovered in Central-South China. ²⁵

The branch offices of the People's Bank in this region was reported to have spent more than twenty million yuan (US\$1,000) for entertainment of the participants at one meeting. The Finance Department of the regional government spent seventy million yuan (US\$3,500) for a month-long conference. In the Yangtze Navigation Bureau of the Department of Transportation, the sum of thirty billion yuan (US\$300,000) was appropriated for repairs, but the fund was later spent on the bureau personnel. Employees above division heads in this bureau were issued watches, fountain pens, and other luxury items for personal use. Probably the most corrupt organization in this region was the Department of Public Security, which was noted for its misuse of public funds.

25. Yangtze Daily, January 7, 1952, p. 1.

Many officials were implicated in the corruption cases. In the Bureau of Taxation at Wuhan, about 200 civil servants were found guilty of corruption during a mass meeting soon after the start of the campaign.²⁶ High officials, including Pu Sheng-kuang (Chief Procurator of the Central-South Branch of the Supreme People's Procuratorate, concurrently chief of the Department of Public Security for this region), was exposed and ordered to resign.²⁷ Ch'ien I-min, deputy to Pu, was similarly removed from office. Wu Te-feng, mayor of Wuhan, was accused of dereliction of duty. The embezzlement of billions of yuan ended the public career of the chief of the Non-ferrous Metal Administrative Bureau, who was concurrently the deputy chief of the Department of Industry of this region. Even agencies having little to do with finance and economy were not free from corruption; Liu Hung, deputy chief of the Propaganda Department in the Kwangsi provincial branch of the Communist Party, was accused of embezzling sixty million yuan (US\$3,000) from public funds. 661 687

While the Three-Anti Campaign was aimed at government and party officials, the Five-Anti Campaign, instituted a few weeks later, had business and industry as its main object of attack and sought to eliminate bribery, tax evasion, theft of government property, cheating on government contracts, and theft of economic information for private speculation.²⁸ 662 671

26. Ibid., January 14, 1952, p. 1.

27. Ibid., March 9, 1952, p. 3.

28. For a record of these two movements in Central-South, see Li Hsüeh-feng's report in Yangtze Daily, September 29, 1952, p. 1.

Businessmen accused of being criminal during the Five-Anti Campaign were severely punished.

Ts'ui Ming-ch'ing, division chief of a state-operated department store, was tried for embezzling sixteen billion yuan (US\$900,000).²⁹ Because his accomplice, T'eng Chen-lu, was a merchant, the case was cited by the Communists as an example of how a government official could be led astray by an unscrupulous businessman. A similar case involved Ho Heng-fu, chairman of the Wuhan Industrial and Business Association and a high-ranking government official, who was accused of conspiring to smuggle gold, foreign notes, and strategic materials. He was tried and sentenced to death.³⁰

Although the Three-Anti and Five-Anti campaigns were launched separately, their aims and results were the same in many aspects. Since Party members were, in most cases, administrative officers, the impact of the campaigns upon the Party and upon its administrative agencies was equally great; since state-operated enterprises and administrative agencies were imbued with private enterprise, attacks on businessmen affected administrators and Party members. The intensity of these campaigns should not be underestimated. The repercussion engendered by the Three-Anti and Five-Anti campaigns were in every way comparable to those of other major "suppression" campaigns launched between 1950 and 1952.

B. Subsequent Measures (1953-55)

There were indications that corruption and other activities detrimental to the regime did not cease at the conclusion of the Three-Anti and Five-Anti campaigns in May 1952. According to an incomplete set of figures compiled by the Ministry of Commerce

29. Yangtze Daily, January 19, 1952, p. 1.

30. Yangtze Daily, April 10, 1952, p. 1.

of the State Council, 1,268 corruption cases involving 1,826 people were prosecuted during the first six months of 1954.³¹ The 1955 Supervisory Conference devoted a great deal of attention to a study of this issue.³² A flood of reports on corruption and waste appeared in the Communist press. One of the most serious cases involved the Mining and Geological School in Changsha, Hunan Province, which was accused of misuse of government rations. The school was reported to have wasted rice rations and falsified personnel statements in an effort to obtain more government rations.³³

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All of these reports indicate that, despite persistent efforts to eradicate corruption, abuses both in and outside the government continue to occur.

III. TENSION AND DISCONTENT

Extreme centralization and control of governmental, economic, and social activities logically lead to discontent and tension. If not checked in time, these undercurrents of public dissatisfaction may create a real threat to the government.

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A. Public Discontent

1. Restrictions on Private Life

In Central-South China, as in all other regions of China, the individual citizen cannot choose how his day is spent; a fixed schedule has been imposed on him. After his working hours, the peasant, for

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31. Ta-kung Pao, Tientsin, Mar. 24, 1955, p.1.

32. For report on conference, see Kuang-ming Jih-pao [Enlightenment Daily], Peking, June 13, 1955, p. 1.

33. Ta-kung Pao, Tientsin, Mar. 16, 1955, p.1.

production in Central-South China after "land reform" are the small size of the average farm and the inefficiency of its cultivation. In the pre-Communist days, the most efficient farmers were usually "rich peasants" and some of the "landlords." After "land reform" these people were virtually eliminated. The numerous poor people in the rural communities who were not professional farmers, such as members of the families of "revolutionary martyrs" of the liberation army and the unemployed, were usually allotted a piece of land. On account of their inexperience in farm work as well as lack of capital with which to buy farm tools, the majority of them could not efficiently cultivate their lands, and their failure became one of the important factors which hinder the increase in agricultural production. The next step, which the Chinese Communists copied from the Soviets, is "collectivization" of farms. This drastic change hinders the efficiency of the peasants, for it is contradictory to the traditional pattern of the Chinese farm, and will be met by strong opposition. The announcement of a temporary halt to the co-operative movement in 1953 was probably due to peasant opposition. There is a question whether this basic weakness will be remedied in the years to come.

After "land reform," the burden of the peasants was actually increased instead of lightened. In the case of the grain-tax collection, although its provisions were concealed, the amount the farmers paid was

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much higher in the newly liberated areas, including the Central-South Region, than the amount the Communists reported officially. For example, Nan Han-ch'en, former director of the People's Bank of China, reported: "The direct burden of an individual farmer comes to about 80 catties (88 pounds) of grain. In addition to this, he also shares the tax burden which his particular village has to bear. Sometimes his total burden may reach 100 catties. The maximum amount of farm yield per peasant is 450 catties. The rate of the public grain levy is fixed officially at from 18 to 20 per cent, but actually it may reach 20 to 25 per cent. In individual cases it may exceed 50 per cent."³⁶ Besides this official grain-tax collection, there are compulsory purchases of grains under the "planned purchase and planned supply" program, at a rather low fixed price, and, in addition, numerous deductions are made from the sale of grains to the government without the consent of the farmers. It was reported that in one of the agricultural producer's co-operatives, where a year-end distribution of net income is made to members, the following items were deducted: (a) 2,000 yüan (20 million old currency, US\$833) for the shares of the credit

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36. Hsiao Chih-yung, Revenue and Disbursement of Communist China, Hong Kong, 1954, p. 36. The statement of Nan Han-ch'en was taken originally from Shanghai Industry and Commerce Magazine, Vol. I, 11th and 12th issues.

co-operative; (b) 130 yúan (1.3 million old currency, US \$54) for the shares of the supply and marketing co-operative; (c) over 700 yúan (7 million old currency US \$291) for bond subscription; (d) and over 12,000 yúan (120 million old currency, US \$5,000) for repayment of agricultural loans.³⁷ After deducting these items, there was almost nothing left for peasants. That means that these peasants worked for nothing, at the expense of their total-year labor and their capital invested. Consequently, exploitation by the Communist regime is harsher than that endured under the former "landlords."

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The preferential treatment of the "landlords" of the overseas Chinese families in Kwangtung Province is, evidently, a departure from the original Land Reform Law which has been applied throughout the Central-South Region. A law once promulgated must be enforced without discrimination, but the Communists, in order to win popular support from the overseas Chinese, have changed the law by conceding overseas Chinese more favorable treatment than that given other "landlords." In consequence, reports of preferential treatment will lead to more discontent and opposition in the rural areas of Central-South China.

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37. Far Eastern Economic Review, Hong Kong, Vol. XVIII, No. 25, June 23, 1955, pp. 781-82.